REMARKS

The present Office Action Response is responsive to the Office Action mailed August 10, 2007. The Applicants respectfully submits that no new matter has been added and reconsideration of the application in light of the below remarks is respectfully requested.

Claim Rejections Under 35 U.S.C. § 103 Based on *Stein* in Combination with *CD Now*

In the Office Action dated February 15, 2007, Claims 35-39 and 41-69 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,826,241 to Stein ("*Stein*") in view of CD Now homepage ("*CD Now*"). For the reasons listed below, the Applicants respectfully submit that the claims are allowable over the combination of *Stein* and *CD Now*.

Stein is directed to an Internet payment system that provides cardholder accounts for internet users. (*See* Abstract). In *Stein*, when a buyer wants to make a purchase from a seller, the buyer sends a message to the seller via the Internet. The message includes the buyer's cardnumber. (*See* Col. 6, lines 46-60). Next, the seller communicates with the payment system. The seller may (optionally) perform a cardnumber inquiry transaction on the buyer's cardnumber to determine the state (active, suspended or invalid) of the buyer's cardholder account. (*See* Col. 6, line 61 to Col. 7 line 31). The seller then sends the information product to be purchased to the buyer. At approximately the same time, the seller sends a transfer request message to the payment system, where the transfer request message includes the buyer's cardnumber, the seller's cardnumber, transfer type, transfer amount, etc. (*See* Col. 7, lines 29-48).

After receiving the transfer request, the payment system looks up the buyer contact information associated with the buyer's cardnumber supplied by the seller and sends a transfer-query message to the buyer to have the buyer authorize payment for the transaction to be made to the seller. (*See* Col. 7, lines 49-58). In the transfer-query message, the buyer's name and the seller's name are used instead of the buyer's cardnumber and seller's cardnumber in order to minimize card number transmission over the Internet. (*See* Col. 8, lines 4-8). The buyer may respond by sending a transfer-response message via the Internet, which contains an indication of the buyer's willingness to allow transfer of the funds (i.e., 'yes', 'no', 'fraud'). (*See* Col. 8, lines 11-18). When the buyer's response indicates that the transfer of funds is allowed, then the front-

end of the payment system transfers the transaction information to the back end of the payment

system (by batch processing) for payment to be processed. (*See* Col. 8, lines 37-56).

For the reasons stated below, the Applicants respectfully assert that *Stein* fails to

anticipate or render obvious several elements of the pending independent Claim 35 (and those

similarly stated in independent Claims 45, 51, 56 and 66).

A. **Stein does not teach or suggest *verifying that sufficient funds exist* to cover the transfer *prior to* authorizing the seller to proceed with the transaction.**

Pending independent Claim 35 includes the claim elements of:

verifying, at the financial institute or financial institute representative, that
an account associated with the purchaser includes sufficient funds to cover the
transfer, to the seller, of a payment for the purchase price; and if the financial
institute or financial institute representative verifies that the account associated
with the purchaser includes sufficient funds to cover the transfer, transmitting
an authorization from the financial institute or financial institute representative
to the seller to proceed with the transaction.

The Applicants respectfully assert that nowhere in *Stein* does it teach or suggest the verification

that the account associated with the purchaser includes sufficient funds to cover the transfer, to

the seller, of a payment for the purchase price. In *Stein*, no inquiry is made as to the sufficiency

of funds of the buyer's account associated with the payment system. *Stein* simply allows the

seller to perform a "cardnumber inquiry", which only informs the seller if the buyer's account

with the payment system is 'active', 'suspended', or 'invalid.'

Further, according to independent Claim 35, verification of the sufficiency of funds of the

purchaser's account must occur *prior to* authorizing the seller to proceed with the transaction.

Contrarily, the payment system in *Stein* sends after-the-fact failure information through "payin-

failure notification messages" to the buyer when the back end fails to process a payment due to

denial on the credit card system network. (*See* Col. 10, lines 9-30). This failure detection on the

back end is also communicated to the front end through batch processing, thereby adding further

delay to rectifying the failed payment submission. (*See* Col. 10, lines 9-30). Such use of "payin-

failure notification messages" are not necessary (or at the very least their frequency significantly

reduced) by the verification of the sufficiency of funds *prior to* authorizing the seller to proceed

with the transaction as required by the claim elements of independent Claim 35.

As described in *Stein*, the seller executes delivery of the informational goods ordered by

the buyer to that buyer before any failure of the buyer's credit card (or checking account) is

detected. (*See* Col. 7, lines 34-52). Moreover, in *Stein*, delivery of the purchased goods occurs

even before the buyer has authorized the payment system to proceed with the charge, let alone

before any verification is made as the sufficiency of the funds associated with the buyer's

account. (*See* Col. 7, lines 34-52).

The verification of the sufficiency of funds functionality described in independent Claim

35 reduces the added risk of payment fulfillment for the seller and allows for the seller to take on

some heightened risk associated with the sale of tangible goods over the Internet, rather than

simply the sale of informational goods (e.g., electronic data) as described in *Stein*.

Further , *Stein* consciously disregards the advantages of providing verification of the

sufficiency of funds prior to authorizing the seller to proceed with the transaction when it states:

> In the embodiment of the invention described above, there is provided a new
> model for Internet commerce in which *an information seller 28 carries the risk
> of non-payment* . . . .
>
> *Buyers of information products often cannot make a purchase decision unless
> the product is in hand.* Given that there is virtually no cost for manufacturing
> and distribution, unwanted information products need not be "returned"; it is
> less costly merely to delete the unwanted information product. Buyers of
> information products pay only for the information that they can use, thereby
> avoiding the frustration of returning unwanted goods and asking for a refund
> as they would in a conventional marketplace.

(Col. 12, line 66 – Col. 13, line 18, emphasis added). Therefore, for the above stated reasons, the

Applicants respectfully contend that *Stein* does not teach or suggest the claim elements of:

> verifying, at the financial institute or financial institute representative, that
> an account associated with the purchaser includes sufficient funds to cover the
> transfer, to the seller, of a payment for the purchase price; and if the financial
> institute or financial institute representative verifies that the account associated

with the purchaser includes sufficient funds to cover the transfer, transmitting an authorization from the financial institute or financial institute representative to the seller to proceed with the transaction.

B. ***Stein* does not teach or suggest transmitting a log on request and/or receiving log on information.**

Pending independent Claim 35 also includes the claim elements of "transmitting, from a financial institute or financial institute representative, a *log-on request in response to a purchaser selecting a hyperlink on a website associated with a seller*; receiving, at the financial institute or financial institute representative, log-on information associated with the purchaser" (emphasis added). The Applicants respectfully assert that, in *Stein*, no log-on request is transmitted from the payment system described, nor is any log-on information received by the payment system.

In *Stein*, rather than respond to a log on request with log-on information, the buyer sends the seller the buyer's cardnumber (or alternatively the cardnumber may be included in a file that is sent to the seller), and the seller then submits a transaction request to the payment system, which includes the buyer's cardnumber. The Applicants respectfully contend that such functionality describe in *Stein* does not teach or suggest transmitting a log-on request, nor does the cardnumber submitted to the payment system in *Stein* teach or suggest receiving log-on information associated with the purchaser at the financial institute or financial institute representative.

Even assuming *arguendo* that the cardnumber constitutes log on information, such information was supplied by the buyer directly to the seller, and no log-on request from a financial institute or financial institute representative was provided. For at least these reasons, the Applicants contend that *Stein* does not teach or suggest the claim elements of "transmitting, from a financial institute or financial institute representative, a log-on request in response to a purchaser selecting a hyperlink on a website associated with a seller; receiving, at the financial institute or financial institute representative, log-on information associated with the purchaser."

C. **The claims require that an account number of the purchaser is not disclosed to the**
seller, unlike the process described in *Stein*.

Claim 35 further states the claim elements of "receiving, at the financial institute or
financial institute representative, information associated with a product intended to be purchased
by the purchaser from the seller at a purchase price, wherein the information received at the
financial institute or financial institute representative *does not include an account number of the*
purchaser, and wherein the account number is not disclosed to the seller" (emphasis added). In
contrast, *Stein* requires the buyer submit the buyer's cardnumber for the payment system to the
seller, and then the seller, in turn, supplies the buyer's cardnumber to the payment system. (*See*
Col. 6, line 46 to Col. 7 line 31).

Although the buyer's cardnumber in *Stein* is not the buyer's actual credit card number or
checking account number, the cardnumber still "uniquely identifies the cardholder account." (*See*
Col. 5, lines 15-21). Further, the transaction process described in *Stein* first sends the buyer's
account number with the payment service (i.e., the "cardnumber") to the seller and then the seller
sends it to the payment system. Contrarily, according to the claim elements of independent
claim 35, an account number of the purchaser is not to be disclosed to the seller. Therefore, the
Applicants respectfully contend that *Stein* does not teach or suggest the claim elements of
"receiving, at the financial institute or financial institute representative, information associated
with a product intended to be purchased by the purchaser from the seller at a purchase price,
wherein the information received at the financial institute or financial institute representative
does not include an account number of the purchaser, and wherein the account number is not
disclosed to the seller."

D. **The *CD Now* reference does not address the shortcomings of *Stein*.**

While *CD Now* provides an example of the use of hyperlinks, *CD Now* provides no
teaching or suggestion of any of the shortcomings of *Stein* detailed in the above remarks.
Therefore, for at least the above-stated reasons, *Stein* does not teach or suggest all of the
limitations of at least the above-listed independent Claim 35. Moreover, one or more of the
arguments listed above with respect to the claim elements of independent Claim 35 are also
applicable to the claim elements of the Applicants' other pending independent claims (i.e.,

Claims 45, 51, 56 and 66). Therefore, the Applicants respectfully submit that each of the independent claims are allowable.

E.   The dependent claims are allowable.

Additionally, the Applicants respectfully assert that each of the dependent claims are allowable as a matter of law as being dependent on allowable base claims, notwithstanding their independent recitation of patentable features. For instance, Applicants respectfully assert that *Stein* does not teach or suggest transferring funds from the purchaser's account to the seller's account in response to the financial institute or financial institute representative receiving a *notice confirming delivery of goods* from the seller, as described in dependent Claims 38, 47, 59 and 69. While the *Stein* system does describe the delivery of informational goods over the internet in conjunction with a purchase transaction between a buyer and a seller, the *Stein* system does not teach or suggest transferring funds to a seller's account only after receiving, from the seller, a notice confirming the delivery of the goods.

CONCLUSION

The Applicants believe they have responded to each matter raised by the Examiner. Allowance of the claims is respectfully solicited. It is not believed that extensions of time or fees for addition of claims are required beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR §1.136(a), and any fees required therefore (including fees for net addition of claims) are hereby authorized to be charged to Deposit Account No. 19-5029.

Respectfully submitted,

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